



Press Release
JAGSON INTERNATIONAL LIMITED
April 01, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	45.00	ACUITE BBB Negative Reaffirmed Stable to Negative	-
Bank Loan Ratings	45.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	90.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating '**ACUITE BBB**' (read as **ACUITE triple B**) and short-term rating '**ACUITE A3+**' (read as **ACUITE A three plus**) on Rs.90.00 crore bank facilities of Jagson International Limited (JIL). The outlook is revised to '**Negative**' from '**Stable**'.

Rationale for Rating

The rating reflects the decline in business risk profile and elongated working capitals operations. Company revenue from operations declined by ~36% in FY2024 to Rs 141.79 crore as against Rs.222.43 crore for FY2023. The operating profit margin of the company stood at 0.19 percent in FY 24 against 51.30 percent in FY 23 since two out of four rigs were in major maintenance from April 23 to December 23. Company has intensive working capital requirements as evident from gross current assets (GCA) of 753 days in FY2024 as compared to 417 days in FY2023. However the rating get comfort with the healthy financial risk profile.

About the Company

New Delhi based, Jagson International Limited (JIL) was incorporated in 1988 as a private limited company by Mr Jagdish Gupta. It's a family-owned business. JIL is the flagship company of the Jagson group of Companies. JIL is one of the first private sector companies to enter the field of offshore drilling for Oil and Gas exploration. Besides this JIL is also involved in warehousing and storage at ports. JIL has successfully done offshore drilling in the Indian waters for more than a decade. ONGC has been awarding various contracts to JIL for offshore drilling and is currently the sole customer for JIL, against stiff global competition. JIL has successfully drilled wells offshore, up to the depth of 25,000 feet.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of Jagson International Limited.

Key Rating Drivers

Strengths

Experienced promoters, reputed clientele and established business model

JIL has establish presence since 1988 in the field of off-shore drilling for Oil and Gas exploration companies. The company is promoted by Mr. Jagdish Gupta is the founder of Jagson Group with business experience of more than 30 years in diversified businesses. He is supported by Ms. Ravinder Kaur Hora and Mr. Pradeep Gupta who has more than 2 decades of experience in diversified business. Jagson International Ltd. has been in the business of oil rigs and drilling for over 30 years. The vast experience of promoters and established track record of operations has helped to establish long-standing relationships with India's leading upstream companies like ONGC. JIL has been able to complete the deployments in a timely manner and has been able to secure contracts renewals at prevailing

rig charter rates.

Healthy Financial Risk Profile

Company has comfortable financial risk profile marked by strong net worth, low gearing and comfortable coverage indicators. The Total Tangible net worth stood at Rs. 1190.12 Cr. as on 31st March 2024 as against Rs. 1213.85 Cr. as on 31st March 2023. Decrease in net worth is on account of reduction in Tonnage Tax Reserve by Rs.24.29 Cr. Debt to Equity ratio stood at 0.03 times in FY24 as against 0.01 times in FY23. Gearing is expected to increase due to debt funded capex in near to medium term. The total debt outstanding of the company is Rs. 41.33 crore as on 31 March, 2024 which consists of short term working capital limit of Rs. 41.01 crore. Interest coverage ratio stood comfortable at 10.85 times for FY2024 as against 31.93 times in FY2023. Likewise, Debt Service coverage ratio stood comfortable at 10.85 times for FY2024 as against 27.15 times in FY2023. Total outside liabilities to total net worth (TOL/TNW) stood at 0.07 times as on FY2024 against 0.04 times as on FY2023. Acuité believes that going forward the financial risk profile of the company is key monitorable with the debt funded capex.

Weaknesses

Decline in Revenue and Profitability

The company have achieved the turnover of Rs.141.79 Cr. in FY24 against Rs.222.43 Cr. in FY23. The EBITDA Margins of the company stood at 0.19% in FY24 against 51.30% in FY23 and the PAT margins of the company stood at 0.39% in FY24 against 28.44% in FY23. There is a dip in the top line as well as in profitability since two out of four rigs were in major maintenance from April 23 to December 23. Also, JIL has recorded revenue of Rs.90.38 Cr. in H1FY25. Acuité believes that going forward the performance of the company will remain a key monitorable.

Intensive Working Capital Operations

Company has intensive working capital requirements as evident from gross current assets (GCA) of 753 days in FY2024 as compared to 417 days in FY2023. Intensiveness of Working capital is on account of High Inventory and Debtor days. Inventory days stood at 289 days in FY24 as against 394 days in FY23 and Debtor days stood at 219 days in FY24 against 95 days in FY23. Debtor days has been increased due to billing of Deep Sea Treasure i.e. rig which is deployed in Dubai is under negotiation. Acuité believes that going forward the negotiation of billing of Deep Sea Treasure will be key monitorable.

Rating Sensitivities

- Movement in scale of operations
- Movement in working capital operations
- Company's ability to start operations for New Rig as per schedule

Liquidity Position

Adequate

Company has adequate liquidity marked by net cash accruals to nil maturing debt obligations, current ratio, cash and bank balance. Company generated cash accruals of Rs. 32.82 crore for FY2024. Current Ratio stood at 4.57 times as on 31 March 2024 as against 5.32 times in the previous year. Fund based working capital limits are utilized at ~82.27 per cent during the last six months ended February 25. Cash and Bank Balances of company stood at Rs. 8.01 crore. Acuite believes that the liquidity of the company would remain adequate due to healthy cash accruals, small debt obligations, healthy current ratio, albeit working capital intensive operations and reliance on bank borrowing for funding the same over the medium term.

Outlook: Negative

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	141.79	222.43
PAT	Rs. Cr.	0.56	63.26
PAT Margin	(%)	0.39	28.44
Total Debt/Tangible Net Worth	Times	0.03	0.01
PBDIT/Interest	Times	10.85	31.93

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Jan 2024	Bank Guarantee/Letter of Guarantee	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	35.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB Stable (Reaffirmed)
10 Oct 2022	Bank Guarantee/Letter of Guarantee	Short Term	10.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	10.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Bank Guarantee	Short Term	25.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	15.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	30.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A3+ Reaffirmed

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About Acuité Ratings & Research

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